

Worksheet 18

7.1 Developed and less-developed economies

1. Use arrows to link the key terms with their correct definitions.

Developed economy

Absolute poverty

Relative poverty

Less-developed economy

Newly industrialized economy

Overseas aid

GDP per capita

Assistance involving the voluntary transfer of resources, including food, finance, equipment and expert help, from one country to another

A measure of average income per person widely used as an indicator of living standards and level of economic development

An economy with a high level of economic development and diversity, high average incomes and living standards

Severe economic hardship caused by an inability to afford basic necessities for living due income being below a sufficient level

An economic condition affecting people who have access to fewer resources than others in the same economy because their income falls below the average

A country that has developed from an agriculture-based economy to a more industrialized, urban economy through rapid growth in manufacturing and construction

An economy with a low level of human and economic development, low average incomes and poor living standards

2. Highlight those government policies from the jumble below that are most likely to alleviate poverty in an economy.

Raise VAT

Increase unemployment benefits

Lower interest rates

Raise the minimum wage

Subsidize the construction of affordable houses

Provide public housing

Lower corporation tax

Subsidize food production

Expand the provision of free education and health care

Reduce income tax for the lowest earners

3. Suggest whether the scores on the various development indicators below are likely to be high or low for a developed economy and a less-developed economy.

Development Indicator	Developed economy	Less-developed economy
GDP per capita (\$)		
Population living on less than \$1 per day		
Life expectancy at birth (years)		
Adult literacy rate (%)		
Population without access to safe water supplies (%)		
Patients successfully treated for tuberculosis (%)		
Prevalence of underweight children under 5 (%)		
Share of paid employment in the non-agricultural sector (%)		
Population owning a personal computer (%)		

4. List and explain two limitations of using GDP per capita as the sole indicator of living standards and level of human and economic development in a country.

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ii)

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